



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

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April 14, 2016

Mr. Andrew Murray, Assistant City Manager  
City of Pleasant Hill  
100 Gregory Lane  
Pleasant Hill, CA 94523

Dear Mr. Murray:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pleasant Hill Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 2 – Pleasant Hill Downtown Community Facilities District Bonds in the amount of \$128,923 requested during the January 1, 2017 through June, 30, 2017 period (ROPS B period) is partially allowed. The Agency has requested \$9,282 in addition to the \$119,641 due during the period. According to information provided by the Agency, expenditures incurred were greater than the amounts requested during the periods January through June 2015 (ROPS 14-15B) and July through December 2015 (ROPS 15-16A), totaling \$9,282. However, it is our understanding the City of Pleasant Hill (City) paid the additional amount owed.

Pursuant HSC section 34173 (h) (1), the City may loan the Agency funds to the extent the Agency did not receive its entire Redevelopment Property Tax Trust Fund (RPTTF) distribution as approved by Finance. The Contra Costa County Auditor-Controller (CAC) reports the Agency received an RPTTF distribution equal to the amount Finance approved in ROPS 14-15B and ROPS 15-16A. Consequently, there is no cash short fall for the Agency's Redevelopment Obligation Retirement Fund (RORF). Additionally, because the unfunded amount has already been paid, the \$9,282 RORF shortfall request is not supported, and the requested funding in the amount of \$9,282 is not eligible for RPTTF funding on the ROPS.

- Item No. 3 – Downtown Pleasant Hill project in the amount of \$198,030 requested for the ROPS B period is partially allowed. The Agency has requested \$77,530 in addition to the \$120,500 due during the period. According to information provided by the Agency, expenditures incurred were greater than the amounts requested during the period

January through June 2014 (ROPS 13-14B). However, it is our understanding the City paid the additional amount owed.

Pursuant to HSC section 34173 (h) (1), the City may loan the Agency funds to the extent the Agency did not receive its entire RPTTF distribution as approved by Finance. The CAC reports the Agency received an RPTTF distribution equal to the amount Finance approved in ROPS 13-14B. Consequently, there is no cash short fall in the Agency's RORF. Additionally, because the unfunded amount has already been paid, the \$77,530 RORF shortfall request is not supported, and the requested funding in the amount of \$77,530 is not eligible for RPTTF funding on the ROPS.

- Item No. 5 – Friedman's Crossroads Shopping Center project in the amount of \$216,744 requested during the ROPS B period is partially allowed. The Agency has requested \$43,223 in addition to the \$173,521 due during the period. According to information provided by the Agency, expenditures incurred were greater than the amounts requested during ROPS 13-14B, the period July through December 2014 (ROPS 14-15A), and ROPS 14-15B. However, it is our understanding the City paid the additional amount owed.

Pursuant to HSC section 34173 (h) (1), the City may loan the Agency funds to the extent the Agency did not receive its entire RPTTF distribution as approved by Finance. The CAC reports the Agency received an RPTTF distribution equal to the amount Finance approved in ROPS 13-14B, ROPS 14-15A, and ROPS 14-15B. Consequently, there is no cash short fall in the Agency's RORF. Additionally, because the unfunded amount has already been paid, the \$43,223 RORF shortfall request is not supported, and the requested funding in the amount of \$43,223 is not eligible for RPTTF funding on the ROPS.

- Item No. 6 – Gallery Walk Townhomes project in the amount of \$360,819 requested during ROPS 16-17B is partially allowed. The Agency has requested \$173,306 in addition to the \$187,513 due during the period. According to the Agency, \$16,909 of the \$173,306 was requested in error. Therefore, with the Agency's consent, Finance has reduced the amount requested in the ROPS 16-17B period by \$16,909.

Additionally, according to information provided by the Agency, the remaining amount, \$156,397 (\$173,306 - \$16,909) is for expenditures incurred but not reported on the Agency's prior period adjustments report during ROPS 13-14B. However, it is our understanding the City paid the amount owed.

Per HSC section 34173 (h) (1), the City may loan the Agency funds to the extent the Agency did not receive its entire RPTTF distribution as approved by Finance. The CAC reports the Agency received a RPTTF distribution equal to the amount Finance approved in ROPS 13-14B. Consequently, there is no cash short fall in the Agency's RORF. Because the unfunded amount has already been paid, of the requested \$360,819, \$173,306 (\$360,819 - \$187,513) is not eligible for RPTTF funding on the ROPS.

- Item No. 30 – Deferred Taxing Agency Payments in the total outstanding amount of \$3,960,233 is not allowed. The Agency provided a City Memorandum and a spreadsheet which illustrates the amounts owed. However, these documents are

insufficient to support the requested amount because it is our understanding a mutual agreement has not been reached between the CAC and the Agency regarding a payment method for pass-through deferments. To the extent the Agency can provide suitable documentation to support the requested funding, the Agency may be able to obtain RPTTF funding in the future. Therefore, this item is not an enforceable obligation at this time and the requested funding in the amount of \$3,960,233 is not eligible for RPTTF on the ROPS this period.

Except for the items denied in whole or in part or the items that have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,740,793 as summarized in the Approved RPTTF Distribution Table on Page 5 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the ROPS B period based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be

denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Mary McCarthy, Finance Manager, City of Pleasant Hill  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 5,694,496	\$ 1,059,871	\$ 6,754,367
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>5,819,496</b>	<b>1,184,871</b>	<b>\$ 7,004,367</b>
<b>Total RPTTF requested</b>	<b>5,694,496</b>	<b>1,059,871</b>	<b>6,754,367</b>
<u>Denied Items</u>			
Item No. 2	0	(9,282)	(9,282)
Item No. 3	0	(77,530)	(77,530)
Item No. 5	0	(43,223)	(43,223)
Item No. 6	0	(173,306)	(173,306)
Item No. 30	(3,960,233)	0	(3,960,233)
	<u>(3,960,233)</u>	<u>(303,341)</u>	<u>(4,263,574)</u>
<b>Total RPTTF authorized</b>	<b>1,734,263</b>	<b>756,530</b>	<b>\$ 2,490,793</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,859,263</b>	<b>881,530</b>	<b>\$ 2,740,793</b>